

IRS News Release

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Treasury, IRS Extend Documentation Deadline for 409A Compliance

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WASHINGTON —The Treasury Department and the Internal Revenue Service (IRS) announced today that taxpayers will have until December 31, 2008 to bring documents into compliance with the final nonqualified deferred compensation regulations under section 409A of the Internal Revenue Code.

In April, Treasury and IRS issued final 409A regulations, which provided guidance regarding the requirements for deferral elections and payment timing under section 409A. Affected plans and arrangements were required to comply with the final regulations by December 31, 2007. IRS Notice 2007-78 extends the document compliance deadline for one year and provides additional limited transition relief, but does not extend the January 1, 2008 effective date of the final regulations.

Notice 2007-78 also announces that Treasury and the IRS anticipate issuing guidance containing a limited voluntary compliance program that will permit corrections of certain unintentional operational violations of section 409A.

The final regulations were in response to legislation enacted by Congress in 2004 to address concerns involving reported abuses of nonqualified deferred compensation plans.